

II. PROGRAM PARTICIPATION REQUIREMENTS

A. Overview

CalCAP ARB encourages banks and other financial institutions to make loans to small businesses that have difficulty obtaining financing.

This Program is a form of loan portfolio insurance which may provide up to 100% coverage on certain loan defaults. By participating in CalCAP ARB, lenders have available to them a proven financing mechanism to meet the financing needs of California's small businesses.

	ARB On-Road
Business Requirements ☞ Full Text of CalCAP Regulations can be found in Chapter VIII.	<ul style="list-style-type: none">▪ Maximum loan amount is \$1.5M▪ Maximum interest rate of 20% APR (Annual Percent Rate)▪ \$10M or less in average annual business revenues over the last 3 years▪ 100 or fewer employees▪ 10 or fewer trucks in the fleet▪ Majority of business conducted in California
Authorized Loan Types or Uses ☞ Full Text of CalCAP Regulations can be found in Chapter VIII.	<ul style="list-style-type: none">▪ 2007 or newer engine model▪ Over 14,000 GVWR▪ Diesel Exhaust Retrofits▪ Trailer with the purchase of eligible new or used truck.

B. ARB On-Road Heavy Duty Diesel Vehicle Program

Under the ARB On-Road program, CalCAP insures loans made to small businesses to assist them in financing heavy-duty vehicles to grow or maintain their business.



Loans in the ARB On-Road Program can be used to finance 2007 or newer engine year model heavy-duty diesel trucks, or liquid natural gas (LNG) over 14,000 GVWR. CalCAP can also finance diesel exhaust retrofits



All loans not meeting the eligibility requirements above are precluded from being enrolled in the program.



Refer to CalCAP Regulations 8070 and 8072 as appended in Chapter VIII for full disclosure of eligible and ineligible uses of loan proceeds.

Flexibility	Restrictions
<ul style="list-style-type: none">▪ Lenders set the terms and conditions of the loans and decide which loans to enroll into the CalCAP ARB program.▪ Loans can be short- or long-term, have fixed or variable rates, be secured or unsecured, and bear any type of amortization schedule.▪ CalCAP ARB contributes up to 20% of the principal balance enrolled in a loss reserve account.▪ Lenders can enroll all or a portion of a loan.▪ Lenders can restructure loans by extending the terms, amending covenants or releasing collateral.	<ul style="list-style-type: none">▪ There is a \$1.5 million maximum loan amount that will be insured for a period of no more than 10 years.▪ A Borrower's fleet must have no more than 10 on-road heavy duty diesel vehicles at the time of loan.▪ Maximum interest rate of 20% APR (Annual Percent Rate)▪ A Borrower's business vehicle usage must affect California air quality at least 51% of the time.▪ The business' annual revenue must be \$10 million or less, averaged over a three year period.▪ The business must be classified as a small business under U.S. Small Business Administration guidelines (Title 13 of the Code of Federal Regulations) and have fewer than 100 employees.